Financial Statements

The Pension Fund of the Metropolitan Toronto Pension Plan

[Ontario Registration Number 0351577]

December 31, 2013

The Pension Fund of the Metropolitan Toronto Pension Plan

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

As at December 31	**2013**	2012
	$	$
Assets		
Cash and cash equivalents	17,371,169	20,999,066
Investments *[note 3a]*	499,556,661	481,399,982
Investment related receivables		
Pending investment transactions receivable	2,031,096	949,390
Interest	1,460,038	1,626,243
Dividends	323,182	277,589
Other accounts receivable (net of Allowance for Doubtful Accounts)	118,352	124,224
	520,860,498	505,376,494
Liabilities		
Accounts and benefits payable	326,029	319,263
Pending investment transactions payable	—	273,912
	326,029	593,175
Net assets available for benefits	520,534,469	504,783,319

The accompanying notes are an integral part of the financial statements

On behalf of the Plan Adminstrator:

Chair

City Treasurer

The Pension Fund of the Metropolitan Toronto Pension Plan

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended December 31	2013 $	2012 $
Increases in Net Assets Available for Benefits		
Investment income		
Interest	8,338,182	9,650,070
Dividends	8,079,670	6,393,687
Net realized gain on sale of investments *[note 3c]*	4,155,715	—
Securities Lending Income *[note 3d]*	46,092	34,136
Net change in unrealized gain on investments	46,470,427	30,257,911
Other income	12,077	—
Total increase in net assets	67,102,163	46,335,804
Decreases in Net Assets Available for Benefits		
Pension benefits - member	35,922,036	37,922,328
Pension benefits - survivor	14,508,871	14,079,988
Administrative expenses *[note 6]*	892,891	949,170
Transaction costs	27,215	22,097
Net realized loss on sale of investments *[note 3c]*	—	8,537,528
Total decrease in net assets	51,351,013	61,511,111
Increase (Decrease) in net assets available for benefits for the year	15,751,150	(15,175,307)
Net assets available for benefits, beginning of year	504,783,319	519,958,626
Net assets available for benefits, end of year	520,534,469	504,783,319

The accompanying notes are an integral part of the financial statements

The Pension Fund of The Metropolitan Toronto Pension Plan

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of The Metropolitan Toronto Pension Fund [the "Fund"] is a summary only. For more complete information reference should be made to By-law No. 181-81 as amended.

The Fund is registered under the Pension Benefits Act, R.S.O.1990, Registration Number 0351577. The general administration and regulations pertaining to the Fund are governed by a By-law enacted by the former Municipality of Metropolitan Toronto and subsequently by the City of Toronto [the "City"] upon amalgamation.

The Fund is a defined benefit pension plan established in 1956 covering all eligible permanent employees of the former Municipality of Metropolitan Toronto hired prior to July 1, 1968. From that date, pensions for new employees must be provided through the Ontario Municipal Employees Retirement System.

Retirement pension

The normal retirement age is 65 years for all members except firefighters, whose retirement age is 60 years. The normal retirement pension is calculated using the member's years of credited service, to a maximum of 35 years, multiplied by 2% of the highest average annual contributory earnings over a period of 60 consecutive months.

Survivor pension

A survivor pension is paid to an eligible spouse, as defined in the By-law, a dependent child, or, under certain limited circumstances, a named dependent of a member.

Death refund

A death refund is payable to the estate of a pensioner or survivor where pensions have not been equivalent to the individual's contributions plus interest. In a similar manner, a death refund is payable to the estate of a contributor where no survivor pension is payable.

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. The Financial Services Commission of Ontario (FSCO) allows the preparation of financial statements in accordance with Canadian generally-accepted accounting principles (GAAP) for pension plans, excluding recognition and disclosure of pension obligations, to comply with the filing requirements of Section 76 of Regulation 909 of the Ontario Pension Benefits Act. As such, these financial statements have been prepared in accordance with Part IV of the CPA Canada Handbook – Accounting and Canadian accounting standards for pension plans, which excludes recognition and disclosure of the pension obligation and includes certain additional disclosures required by Section 76 of Regulation 909. These financial statements do not purport to show the adequacy of the plans assets to meet its pension obligations. These financial statements have been prepared to assist in meeting the financial reporting expectations of FSCO.

The Fund's accounting policies not related to the investment portfolio or pension obligation are based on Canadian accounting standards for private enterprises in Part II of the CICA Handbook – Accounting.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents are short-term, highly liquid investments that are subject to insignificant changes in value and are readily convertible into known amounts of cash. Cash equivalents comprise financial assets with maturities of three months or less from the date of acquisition. These investments are subsequently measured at amortized cost.

Income taxes

The Fund is a Registered Pension Trust as defined in the Income Tax Act (Canada) and, as such, is not subject to income taxes. Certain foreign income may be subject to withholding tax.

The Pension Fund of The Metropolitan Toronto Pension Plan

NOTES TO FINANCIAL STATEMENTS

Investment assets and liabilities

Investment assets and liabilities are recorded at fair value in accordance with IFRS 13, Fair Value Measurement. Purchases and sales of investments are recorded as of the trade date (the date on which the substantial risks and rewards have been transferred). Transactions that have not settled are reflected in the Statement of net assets available for benefits as pending investment transactions receivable/payable. The change in the difference between the fair value and the cost of the investments at the beginning and end of each year represents that specific year's change in unrealized gain/loss on investments and is reflected in the statement of changes in net assets available for benefits.

The method used to determine fair value for each category of investment assets and liabilities is explained below.

Fair values of investments are determined as follows:

[a] Equity instruments are normally valued at the closing price on the stock exchange where listed or at the previous day's closing if the security did not trade on the valuation date. Unlisted shares are recorded at values reflecting the most reliable quotation then available.

[b] Bonds and debentures are valued at closing quotations from Canadian investment dealers. Unlisted debt instruments are recorded at values reflecting current market yields of similar debt obligations.

[c] Mutual, pooled and segregated funds are valued using the unit values supplied by the fund manager, which reflects the fund's proportionate share of underlying net assets at fair values determined using closing prices.

[d] Short-term investments are valued at cost plus accrued income, which approximates fair value.

Investment Income recognition

Gains or losses on the sale of investments are determined based on an average cost of the investments sold and are recorded on the trade date. Interest income on bonds and debentures is recognized on an accrual basis. Dividends are accrued on the ex-dividend date. Distributions from mutual, pooled and segregated funds are recorded when declared by the fund manager. The net change in unrealized gain or loss on investments is calculated as the difference between the unrealized gain or loss on investments at the beginning and end of the fiscal year.

Foreign currency translation

The fair values of foreign currency denominated investments included in the statement of net assets available for benefits are translated in Canadian dollars at year-end rates of exchange. Gains and losses arising from translations are included in the net change in unrealized gain (loss) on investments.

Foreign currency denominated transactions, as well as cost of investments, is translated into Canadian dollars at the rates of exchange on the dates of the related transactions.

NOTES TO FINANCIAL STATEMENTS

Benefits

Benefits paid to pensioners are recorded in the period in which they are due. Refunds to estates of deceased members and former members are recorded in the period in which they are paid. Refunds attributable to the current year end but paid after year end are reflected in accounts and benefits payable.

Fund expenses

Administrative expenses incurred are paid directly from the Fund and are treated as expenses in the financial statements, with the exception of audit expenses, which are paid directly by the sponsor.

Transaction costs

Transaction costs are not part of the fair value of investments and are expensed as incurred in the statement of changes in net assets available for benefits.

3. INVESTMENTS

[a] Investments at December 31 consist of the following:

	2013		2012	
	Fair Value	Book Value	Fair Value	Book Value
	$	$	$	$
Bonds and debentures	221,901,555	218,430,351	232,151,976	219,070,830
Canadian equities	66,466,704	47,993,697	53,776,091	46,050,490
Foreign equities	147,475,351	115,503,312	135,360,100	146,077,429
Pooled equity funds	63,713,051	62,066,511	60,111,815	61,110,093
	499,556,661	443,993,871	481,399,982	472,308,842

The Pension Fund of The Metropolitan Toronto Pension Plan

NOTES TO FINANCIAL STATEMENTS

[b] Individually significant investments

The fair value or cost of the following individual investments exceeds 1% of the fair value or cost of total Fund investments at December 31, 2013:

Description	Coupon	Maturity	Fair Value $	Book Value $
Indirectly held in Pooled Funds				
TD Emerald Equity Pool Fund	-	-	63,713,051	62,066,511
Directly held Investments				
Province of Ontario	2.85	02/06/2023	10,446,128	10,734,641
Province of New Brunswick	2.85	02/06/2023	9,260,857	9,331,275
Royal Bank Canada B/A	-	31/01/2014	8,691,822	8,691,822
Government of Canada	5.00	01/06/2037	6,804,148	7,181,069
Government of Canada	4.00	01/06/2041	6,701,990	6,744,440
Government of Canada	1.00	01/11/2015	5,857,703	5,834,571
Government of Canada	2.75	01/09/2016	5,841,541	5,939,441
Government of Canada	1.00	01/02/2015	5,304,284	5,296,840
Government of Canada	1.25	01/03/2018	5,159,313	5,204,662

[c] Realized gain/(loss) for the year ended December 31 is summarized as follows:

	2013 $	2012 $
Realized Gain/(Loss) on sale of units	1,343,813	(10,550,412)
Distribution Income		
Pooled Equity Funds	2,811,902	2,012,884
Total realized gain/(loss)	4,155,715	(8,537,528)

[d] Securities lending

As at December 31, 2013, $63,246,621 [2012 - $66,827,782] of the Fund's securities were on loan to third parties. Pursuant to a securities lending agreement, the Fund's custodian arranges the loans and the Fund earns a fee. The custodian follows strict lending criteria and over-collateralizes the loans with securities loaned. The Fund does not employ cash collateral in the securities lending program. As at December 31, 2013, $67,058,640 [2012 - $70,545,624] of securities were held as collateral, providing a 6.0% [2012 –5.6%] cushion against market and credit risk.

NOTES TO FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT

The Fund's investment activities expose it to a range of financial risks. These risks include market risk [including currency risk, interest rate risk, and equity price risk] credit risk and liquidity risk. The Fund's Pension Committee manages these risks in accordance with 'the Act' as defined in the summary of Significant Accounting Policies.

The allocation of assets among various types of investments and the performance of investments held by the Fund are monitored by the Fund's investment managers on a monthly basis and reviewed by the Pension Committee on a quarterly basis.

The investments of the Fund are managed utilizing a balanced approach. The allowable asset mix range, target allocations, and actual allocations at December 31 are detailed in the following table:

Asset category	Acceptable range	Target	Actual	
			2013	2012
Canadian Equity securities	10%-40%	25%	25%	23%
Foreign Equity securities	15%-35%	25%	29%	27%
Debt securities	30%-60%	45%	43%	46%
Cash equivalents	0%-20%	5%	3%	4%

Market risk

Market risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices. The Fund manages risk by investing across a wide variety of asset classes and investment strategies based on risk limits established in the Fund's Statement of Investment Policies and Procedures. Market risk is comprised of the following:

NOTES TO FINANCIAL STATEMENTS

[a] Currency risk

Foreign currency exposure arises from the Fund's holdings of foreign currency-denominated investments. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value of investments. For the currency risk of the Plan's pooled fund investment, the currency risk is managed by the investment manager of the pooled fund investment. The table below indicates the currencies to which the Fund had significant exposure as at December 31, 2013 and December 31, 2012, respectively.

The following sensitivity analysis summarizes the impact on the Plan's net assets available for benefits, following changes of 5% in the Canadian dollar relative to other currencies to which the plan has significant exposure.

December 31, 2013

Currency	Financial Instruments ($)	Percentage of Net Assets (%)
United States Dollar	147,946,374	28.42

December 31, 2012

Currency	Financial Instruments ($)	Percentage of Net Assets (%)
United States Dollar	135,733,807	26.89

As at December 31, 2013 and December 31, 2012, with a change in the United States Dollar relative to the Canadian Dollar by 5%, with all other variables held constant, net assets would have increased or decreased, by approximately $7,397,319 (1.42% of net assets) and $6,786,690 (1.34% of net assets), respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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NOTES TO FINANCIAL STATEMENTS

[b] Interest rate risk

The following table illustrates the Fund's financial instruments which are exposed to interest rate risk. The table demonstrates the sensitivity of the Fund's net assets to a reasonable possible change in bond yields. The impact was determined using the duration of those financial instruments that are exposed to interest rate risk. Duration measures the sensitivity of the price of financial instruments for every 1% change in interest rates.

2013	Fair value $	Impact of 1% absolute change in bond yields on net assets $
Bonds and debentures	221,901,555	14,498,380

2012	Fair value $	Impact of 1% absolute change in bond yields on net assets $
Bonds and debentures	232,151,976	16,908,111

NOTES TO FINANCIAL STATEMENTS

[c] Equity price risk

The Plan holds equity financial instruments. The Plan is therefore exposed to equity price risk as the value of equity financial instruments will fluctuate due to changes in equity prices. The following sensitivity analysis summarizes the impact on the Plan's net assets available for benefits, following a general 10% change in equity prices. For equity price risk of the Plan's pooled fund investment, the equity price risk is managed by the investment manager of the pooled fund investment.

2013	Fair Value	Impact +/- 10%
	$	$
Directly held Investments		
Canadian equities	66,466,704	6,646,670
Foreign equities	147,475,351	14,747,535
Indirectly held in pooled Funds		
Pooled equity funds	63,713,051	6,371,305
Total	277,655,106	27,765,510

2012	Fair Value	Impact +/- 10%
	$	$
Directly held Investments		
Canadian equities	53,776,091	5,377,609
Foreign equities	135,360,100	13,536,010
Indirectly held in pooled Funds		
Pooled equity funds	60,111,815	6,011,182
Total	249,248,006	24,924,801

NOTES TO FINANCIAL STATEMENTS

Credit risk

The Plan is subject to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they are due. The SIP&P restrictions prohibit investing more than 10% of assets in any one entity, or two or more associated or affiliated entities. Furthermore, the SIP&P restricts investing in bonds with credit rating below A-. The following are the Plan's interest-bearing financial instruments, the exposure to credit risk.

As of December 31, 2013

Credit Ratings	$
AAA	58,652,670
AA	82,634,366
A	75,642,015
BBB	-
BB	-
Unrated	4,972,504
	221,901,555

As of December 31, 2012

Credit Ratings	$
AAA	71,392,300
AA	90,034,343
A	65,304,074
BBB	-
BB	-
Unrated	5,421,259
	232,151,976

NOTES TO FINANCIAL STATEMENTS

Liquidity risk

Liquidity risk is the risk the Plan may be unable to meet pension payment obligations in a timely manner and at a reasonable cost. Management of liquidity seeks to ensure that even under adverse conditions, the plan has access to immediate cash that is necessary to cover benefits payable, withdrawals and other liabilities. The SIP&P requires the plan's investments to be highly liquid, so they can be converted into cash on short notice. The Plan has investment in highly liquid equities, and fixed income securities and therefore its exposure to liquidity risk is considered negligible.

The following is a maturity analysis of the Plan's investments that are held though its investment for managing liquidity risk.

Maturity	1 year or less	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
	$	$	$	$
2013				
Government of Canada, Povincial and other	-	28,076,480	44,998,406	48,664,693
Canadian Corporate bonds	-	58,117,606	12,961,103	29,083,267
Total	-	86,194,086	57,959,509	77,747,960
2012				
Government of Canada, Povincial and other	-	63,993,238	15,147,358	48,292,836
Canadian Corporate bonds	-	50,689,144	16,544,146	37,485,254
Total	-	114,682,382	31,691,504	85,778,090

NOTES TO FINANCIAL STATEMENTS

5. FAIR VALUE MEASURMENT

The following is a summary of the methods used to determine the fair value of the Fund's financial instruments and an analysis of those investments using the hierarchy set forth in IFRS 7, Financial Instruments - Disclosures. The hierarchy prioritizes the inputs to fair value measurement, placing the highest priority on unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to inputs not based on observable market data (Level 3). The three levels of the fair value hierarchy are:

Level 1: Fair value is based on quoted market prices in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include equity securities traded in an active exchange market.

Level 2: Fair value is based on observable inputs other than level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes mutual and pooled funds, hedge funds, Government of Canada provincial and other government bonds, Canadian corporate bonds, and certain derivative contracts.

Level 3: Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This category generally includes private equity investments and securities that have liquidity restrictions.

The following table presents as at December 31, the level within the fair value hierarchy for each of the financial assets and liabilities measured at fair value. The table excludes other assets and other liabilities that are valued at their carrying amount, which represents a reasonable approximation of fair value due to their short-term nature.

2013	Level 1	Level 2	Level 3	Total
	$	$	$	$
Bonds and debentures	-	221,901,555	-	221,901,555
Canadian equities	66,466,704	-	-	66,466,704
Foreign equities	147,475,351	-	-	147,475,351
	213,942,055	221,901,555	-	435,843,610

2012	Level 1	Level 2	Level 3	Total
	$	$	$	$
Bonds and debentures	-	232,151,976	-	232,151,976
Canadian equities	53,776,091	-	-	53,776,091
Foreign equities	135,360,100	-	-	135,360,100
	189,136,191	232,151,976	-	421,288,167

NOTES TO FINANCIAL STATEMENTS

There have been no transfers between Levels 1 and 2 in the reporting period.

Equities

The Plan's equity investments are classified as Level 1 when the security is actively traded and a reliable quote is observable. Certain of the Plan's equities do not trade in an active market and therefore observable prices may not be available. In such cases, fair value is determined using observable market data (e.g., transactions for similar securities of the same issuer) and the investment is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the investment is classified as Level 3.

Bonds and debentures

Bonds, debentures and other interest bearing securities are classified as Level 1 when they are actively traded. They are classified as Level 2 when they are valued using observable inputs, including interest rate curves, credit spreads and volatilities. The market for corporate debt was significantly affected by the ongoing credit crisis, which resulted in inputs being unobservable for certain of the Fund's bonds. Bonds for which significant unobservable data is required in determining fair value have been classified as Level 3.

Short-term notes and treasury bills

Short-term notes and treasury bills are classified as Level 2. These instruments mature within one year and are stated at cost, which, when combined with accrued interest income, approximates fair value.

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NOTES TO FINANCIAL STATEMENTS

6. FUND EXPENSES

The Fund's administrative expenses consist of the following:

	Management $	Custodial $	2013 Total $	2012 Total $
Bond Managers				
Fiera Capital Corporation	163,926	11,968	175,894	187,096
TD Asset Management (bond)	170,483	8,767	179,250	198,663
Subtotal	334,409	20,735	355,144	385,759
Equity Managers				
State Street Global Advisors	100,361	39,764	140,125	101,246
TD Asset Management (equity)	24,261	5,062	29,323	27,759
Gryphon Investment Consel Inc.	134,994	5,650	140,644	160,867
Subtotal	259,616	50,476	310,092	289,872
Other				
Custodian	6,158	-	6,158	9,709
Legal fees	3,145	-	3,145	16,779
Actuarial fees	178,671	-	178,671	221,453
Investment Consultant	41,858	-	41,858	50,921
Other expenses	(2,177)	-	(2,177)	(25,323)
Total administrative expenses	821,680	71,211	892,891	949,170

7. AUDIT FEES

The Fund Sponsor is paying the annual audit fees, $10,330.00 (2012 - $9,650.00).

8. ACTUARIAL VALUATION

The most recent actuarial valuation of the Fund by Mercer was completed as of December 31, 2013 using the projected benefit actuarial method and indicated a going concern basis surplus of $54,944,000 (2012 - $72,288,000) and a solvency basis surplus of $17,260,000 (2012 - $13,391,000).

NOTES TO FINANCIAL STATEMENTS

9. CAPITAL MANAGEMENT

The capital of the Fund is represented by the net assets available for benefits. The Fund's objective when managing the capital is to safeguard the ability to continue as a going concern in order to maintain adequate assets to support investment activities of the Fund.

Management monitors capital on the basis of the value on net assets available for benefits.

The administrator has adopted a Statement of Investment Policies and Procedures (the SIP&P) which states investment objectives, guidelines and benchmarks used in investing the capital of the plan, permitted categories of investments, asset-mix diversification and rate of return expectations. The SIP&P was established in 1989 and was last amended effective January 01, 2013. The revisions were made in Section 2.7(6) replace "About 99.5% of the Plan liability in respect of pensioners. Annual cash flow amounts to about $54 million or 10% of total assets" with "Over 99.5% of the Plan liability in respect of pensioners. Annual cash flows amount to about $56 million or 11% of total assets". Section 2.7 (7) replace "As of December 31, 2010, the Plan was fully funded on both a going-concern basis and a solvency basis" with "As of December 31, 2011, the Plan was fully funded on both a going-concern basis and a solvency basis." Add Section 3.2(i) "environmental, social, and corporate governance [ESG] considerations should be taken into account in the selection, retention and realization of investments and that these factors may affect the performance of the investment portfolios." Update tables in sub-sections 3.3, 4.2(2) and 4.3(1)(b) from " Canadian equities benchmark index: S&P/TSX Capped Equity" to "S&P/TSX Capped Composite Index."

The plan's absolute return expectation over a ten-year horizon has been set in the SIP&P at 3% annualized rate of return, net of investment management fees. The plan's annualized ten-year average rate of investment return (net of fees) as of December 31, 2013 was 6.22% (5.76% as of December 31, 2012)

The SIP&P permits three broad categories of assets. A set of benchmarks has been identified to measure against each category's annual rate of investment return (net of fees). The total investments annual rate of return is measured using the target allocation of the SIP&P to weight the various categories. The plan's relative annual rate of investment return expectation is to equal or exceed the composite index on a net of fees basis. The plan's investment was allocated within the allowed asset categories range, as of the date of the financial statements. The following table presents the asset allocation and annual rate of investment return for each asset category, and total investments.

NOTES TO FINANCIAL STATEMENTS

Asset Categories	Benchmark	Asset allocation (%)			Annual rate of investment return (%)			
		SIP&P Target	As of December 31st		Benchmark		Actual (net of fees)	
			2013	2012	2013	2012	2013	2012
Fixed-Income	DEX Universe Bond	50.0	46.0	50.0	(1.2)	3.6	(1.2)	4.3
Canadian Equities	S&P/TSX Capped Composite	25.0	25.0	23.0	13.0	8.4	17.6	9.1
Foreign Equities		25.0	29.0	27.0			14.1	13.1
US Equities	S&P 500 (CAD)				41.3	13.4		
Total Investments	Composite Index	100.0	100.0	100.0	11.9	7.8	13.9	7.5

The plan invests investments managed by TD Asset Management Inc., Fiera Capital Corporation, Gryphon Investment Counsel Inc., and State Street Global Advisors (the investment managers), in accordance with the SIP&P and investment mandates specific to each investment manager. The plan's investment positions expose it to a variety of financial risks which are discussed in Note 4 – Financial Risks Management. A comprehensive review of allocation of assets among various asset categories is conducted quarterly, which includes comparison of asset mix to targets.

The employer is required under the Pensions Benefit Act of Ontario to pay contributions, based on actuarial valuations, necessary to ensure the benefits are funded. More details on members and employer contributions that were paid during the period can be found in Note 10 – Funding Policy. No contributions remain past due as of the end of the period covered by the financial statements.

10. FUNDING POLICY

The Pension Benefits Act of Ontario requires that the City (as the Fund sponsor) fund the Fund's benefits obligation as determined by an annual actuarial valuation. As the Plan has a going concern surplus, there are no special payments required.

11. RELATED PARTY TRANSACTIONS AND BALANCES

The sponsor, City of Toronto, provides administrative services to the Fund and pays the annual audit fees. These services are not charged to the Fund.